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SUBJECT: PRC/GERMANY: MERKEL VISIT READOUT

Classified By: Classified by Political External Unit Chief Edgard Kagan
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Summary

¶1. (C) China supports a more important role for Germany in the United Nations, China's leaders told visiting German Chancellor Merkel, according to MFA European Affairs Division Director Wang Shunqing. Wang said that during Mrkel's May 21-23 visit to China, China and Germany agreed to initiate a strategic dialogue later this year. Merkel met with President Hu Jintao and Premier Wen Jiabao and the visit strengthened bilateral political and economic cooperation, including signing 19 cooperation agreements. An intellectual property rights agreement related to textiles will strengthen Sino-German trade. In discussions on Iran, Chinese leaders resisted the notion of sanctions. China seeks to coordinate energy policies wih Germany so as to avoid confrontation. Premier Wen told Chancellor Merkel that when China decides to expand the Mag-Lev line, China's cooperation with Germany will continue, according to Wang. Merkel reassured PRC leadership of the continuity of German policy toward China but stressed that good and rapidly developing bilateral relations must contain certain elements, most notably progress on enforcing intellectual property rights (IPR) protection, according to the German Embassy Political Counselor.

Big Delegation, Short Visit

¶2. (C) MFA European Affairs Division Director Wang briefed diplomats on Chancellor Merkel's May 21-23 visit to China. Separately, German Political Counselor Kessler briefed Poloff. Wang and Kessler each said Merkel's delegation comprised more than 200 members, who arrived on two specially-chartered planes. German Economics Minister Glos, Transport Minister Tiefensee, six parliamentarians and 40 key industry representatives accompanied the Chancellor. By design, the trip lasted under forty-eight hours. Arriving in Beijing near midnight May 21, Merkel held a May 22 morning working session with Premier Wen Jiabao and met President Hu Jintao in the afternoon. China and Germany signed 19 cooperation agreements covering finance, culture, transport and renewable energy. Wen and Merkel attended the fourth annual Sino-German High-tech Forum. Merkel also met with Wang Jiarui, Head of the International Department of the Communist Party of China's (CPC) Central Committee. Kessler noted that Merkel attended a

reception at the German Ambassador Stanzel's residence for non-governmental organizations and civil society representatives concentrating on rural issues and migrant workers rights. On May 23, Merkel visited Shanghai before departing China. Vice Premier Zeng Peiyan accompanied Merkel in Shanghai, where Merkel met Shanghai Mayor Hang Zheng and, separately, with Chinese Catholic Bishop Jin Luxian.

¶13. (C) Merkel's visit strengthened bilateral political and economic cooperation, according to Wang. During her consultations, Merkel stressed that Germany will continue its previous policies toward China and reiterated its one China policy. Premier Wen agreed to visit Germany later this year and, separately, China and Germany decided to begin a Vice Foreign Minister-level strategic dialogue. Zhang Yesui will lead PRC efforts. The strategic dialogue format and topics have not been finalized, but China would like to include consultations between the foreign ministries and other line ministries. Both sides reiterated the importance of strengthening consultation and coordination on major concerns in international affairs, Wang said.

¶14. (C) Asked whether the trip was a success from Germany's perspective, Kessler said the Chancellor's visit achieved its objectives. In addition to getting to starting the process of developing relationships with PRC leaders, Merkel reassured her Chinese counterparts of the continuity of German policy toward China. However, she stressed that good and rapidly developing bilateral relations must contain certain elements, most notably progress on IPR protection, Kessler said.

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PRC Supports Bigger UN Role For Germany

¶15. (C) China supports a more important role for Germany in the United Nations, Wang said. Merkel and China's leaders expressed satisfaction with the overall state of China-EU relations and China hopes Germany's EU presidency in the first half of 2007 will continue to advance ties. China believes Germany plays a significant, active and positive role in European and international affairs. Other specific issues, such as the EU arms embargo, Market Economy Status and EU concerns regarding China's human rights record were not discussed, Wang said.

¶16. (C) Kessler said that China's support for Germany's role was nothing the PRC "hadn't told us before." The G-4 proposal for UN Security Council reform or other specifics were not mentioned. Merkel did raise human rights concerns with both Hu and Wen, specifically questioning them on prospects for rapprochement with the Dalai Lama. Hu and Wen both said China's door is open but the Dalai Lama must stop engaging in "splittest" tactics and recognize PRC authority, according to Kessler.

China Resists Iran Sanctions

¶17. (C) Wang said Iran topped the agenda for discussions on international issues. Chancellor Merkel told President Hu and Premier Wen that Germany supports diplomatic efforts to resolve the crisis but believes sanctions should now be considered and Iran must be instructed to cooperate with the IAEA. Germany believes Iran has the right to the peaceful use of nuclear technology but must stop enriching uranium immediately and transparently meet its IAEA

safeguards obligations. Germany hopes the international community, including China, can adopt a united approach. China's leaders reiterated PRC support for resolving the situation diplomatically. China appreciates EU-3 and Russian efforts and hopes the EU-3 plan will contain innovative proposals acceptable to all. Differences should be resolved through dialogue. China is aware of the gravity of the current situation but believes there is still room for diplomacy, China's leaders told Merkel, according to Wang.

PRC Seeks Energy Coordination

¶ 18. (C) Wang noted China and Germany recognize energy security is now a issue of global concern. During Chancellor Merkel's visit, China and Germany committed to increased cooperation on energy, especially renewable and alternative energy, and discussed coordinating policy to avoid confrontation. China's leaders briefed Merkel on China's energy policy, according to Wang.

PRC Pledges Mag-Lev Cooperation

¶ 19. (C) Asked about the Mag-Lev train dispute, Wang said China and Germany share good cooperation and together produced a 30 km Mag-Lev line between Pudong Airport and downtown Shanghai. China is considering extending the line 175 km to Hangzhou and there are discussions between various companies. Premier Wen told Chancellor Merkel that when China decides to expand the Mag-Lev line, China's cooperation with Germany will continue, Wang said. Kessler stressed the German and Chinese governments are clearly in favor of the Mag-Lev project, but said Merkel noted the companies involved must negotiate and close the deal.

19 Agreements, Few Details

¶ 10. (C) When asked, Wang declined to provide specifics on the 19 agreements signed between China and Germany during the visit, which covered railway technology, financial cooperation, high-technology, telecommunications, energy, culture and sports. German and Chinese textile associations signed a Memorandum of Understanding (MOU) on IPR protection.

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China's Government views IPR protection as a priority, not just for textiles but for many other areas. The MOU will promote Sino-German and Sino-European trade and reduce friction. A feasibility study on solar energy projects was signed between a German company and a company in Inner Mongolia. China and Germany also agreed to a variety of cultural and youth exchanges and agreed to strengthen cooperation on the Olympic Games, Wang added. Kessler did not provide further elaboration.

PRC Upbeat On Sino-German Ties

¶ 11. (C) Wang said Sino-German relations have been very good in recent years, with frequent exchanges of high-level visits and cooperation in culture, education and science. President Hu Jintao visited Germany in November 2005. The new Foreign Minister visited China in February 2006. Positive momentum continues, with Chancellor Merkel's visit coming within the first six months of the formation of Germany's new government. Merkel's visit, her first to Asia as Chancellor, sends

a clear signal to the outside world that Germany seeks to expand and deepen its relations with China. China was the only country she visited on this trip. China values the visit as a chance to better understand Germany and ensure optimal personal and working relations between German and Chinese leadership. Bilateral trade totaled USD 63.2 billion in 2005, Wang noted.

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